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BCStats

Infoline

Contact: bcstats.infoline@gov.bc.ca *Issue: 11-07* *February 18, 2011*

- **Consumer prices rise 2.3% in January**
- **Manufacturing sales edge up 0.3% in December**
- **Visitor entries to BC advance 1.1% in December**

Prices

- **Compared to the same month in the previous year, prices for goods and services in British Columbia rose 2.3% in January.** Consumers paid substantially more for gasoline (+10.9%) and meals in restaurants (+7.9%). Excluding energy, consumer prices were 1.8% higher than they were in January 2010.

  While grocery bills ticked slightly higher (+1.5%) during the month, a 3.7% increase in the overall price level for food was largely the result of a substantial jump in the cost of restaurant meals (+7.9%). However, it should be noted that year-over-year changes in prices are affected by the introduction of the HST.

  Shelter costs rose 1.9% as homeowner insurance premiums (+13.2%) and property taxes (+4.8%) climbed higher. Electricity (+8.9%) took a larger bite out of household budgets in January. However, the overall increase to utilities bills (+4.8%) was somewhat mitigated for those that made use of natural gas, which saw a slight decline (-3.2%) in price. Prices associated with household operations (+2.9%) and the costs of furnishing a house (+0.3%) were also up from January 2010. Largely the result of a substantial hike in prices for gasoline (+10.9%), transportation costs jumped 3.5% higher.

  Prices for clothing (-6.2%), particularly for children (-12.2%) and women (-9.1%), continued to sink on a year-over-year basis. Health (+2.1%) and personal (+1.4%) care costs were up moderately as were prices for recreation, education & reading materials (+2.5%) and alcohol & tobacco products (+3.8%). *Data Source: Statistics Canada*

- **Nationally, on a year-over-year basis, consumer prices rose 2.3% in January, due in large part to increased gasoline (+13.0%) and electricity (+6.4%) costs.** Nova Scotia (+3.0%) and Ontario (+2.9%) registered the largest increases, while Alberta (+1.0%) posted the smallest. *Data Source: Statistics Canada*

The Economy

- **Manufacturing sales in British Columbia advanced 0.3% (*seasonally adjusted*) in December, a slowdown from the increase registered (+2.0%) in the previous month.** The manufacturing sector's three largest contributors, food (-1.5%), wood (-0.5%) and paper (-5.0%) manufacturers, all registered weaker sales in December. These declines dampened increases in shipments from producers of primary metals (+12.1%) and non-metallic minerals (+6.5%).

  Nationally, sales of manufactured products were up 0.4% in December on gains made by primary metal (+3.9%) and petroleum & coal (+1.5%) producers. New Brunswick led the way with a double-digit increase (+28.7%), while Alberta (+3.3%) and Newfoundland & Labrador (+3.9%) posted more moderate gains. *Data Source: Statistics Canada*

- **Wholesalers in British Columbia saw sales inch 0.4% (*seasonally adjusted*) higher in December.** While sales by motor vehicle distributors were notably higher, these gains were offset by weaker sales by machinery, equipment and supplies wholesalers. Nationally, wholesale sales were up 0.8% with Sas-

Report The Impact of E-Commerce on BC's Trade

Did you know...

On average, Canadians consumed 6.5kg of coffee per person in 2009. This was roughly 50% more than Americans (4.2kg/person), but only half of the 12kg/person consumed by coffee-loving Finns.

Data Source: World Resources Institute

katchewan (+5.5%) registering the largest monthly increase. *Data Source: Statistics Canada*

- **The number of new motor vehicles sold in British Columbia tumbled 7.6% (*seasonally adjusted*) in December, with fewer passenger cars and trucks rolling off dealership lots.** Sales were down in every province with BC (-7.6%), Ontario (-6.5%) and Alberta (-5.9%) posting the most significant declines.

Data Source: Statistics Canada

Tourism

- **The total number of travellers arriving in Canada via BC rose (+1.1%) in December.** This increase was mainly due to same-day visits from the US that rebounded (+5.9%) after back-to-back monthly declines. Overall, entries from the US inched ahead (+0.2%) despite a drop in the number of visitors staying overnight (-2.2%).

  Overseas entries expanded (+3.8%) in December as more visitors landed in BC from Asia (+4.4%) and other international destinations (+9.5%). Severe weather hampered travel from Europe, and may have contributed to the dip in traveller visits (-0.4%).

Data Source: Statistics Canada & BC Stats

2010 in Review

- **In 2010, manufacturers in British Columbia saw revenues jump 8.6% as the sector began to recover from the recent recession that left shipments down by 16.4%.** The most significant increases in shipments were registered by the wood (+19.4%) and paper (+13.2%) industries, two of the sector's main contributors. Primary metal (+14.8%), transportation equipment (+14.4%) and machinery (+10.0%) manufacturers all posted double-digit increases in 2010. Nationally, manufacturing sales rose 8.9% on substantial increases in Ontario (+11.3%) and Alberta (+11.0%).

Data Source: Statistics Canada

- **International entries arriving in Canada via British Columbia were up 3.5% in 2010.** This marks the first annual increase in the number of non-resident travellers recorded since 2004, a fact undoubtedly influenced by Vancouver's recent hosting of the Olympic Games in February.

  Entries from the US rose (+1.8%) for the first time since 2000, with overnight (+1.9%) and same-day (+1.7%) travel from the US advancing at similar rates. The number of overseas travellers jumped 9.1% higher with strong increases in the number of travellers from Asia (+10.4%), Europe (+8.7%) and other regions (+7.3%). *Data Source: Statistics Canada*

- **Wholesale sales in British Columbia rose 4.8% in 2010, recouping some of the ground lost in the previous year.** Stronger sales by motor vehicle (+23.1%) and building material (+9.4%) wholesalers offset weaker returns by machinery (-7.9%) and food, beverage & tobacco (-4.6%) sellers. Nationally, wholesale sales jumped 8.0% with Alberta (+11.2%) and Ontario (+9.8%) recording the biggest increases during the year. *Data Source: Statistics Canada*

- **Sales of new motor vehicles in BC rose just 2.5% in 2010 after suffering a drop of 16.1% in 2009.** While sales of passenger cars continued to slump (-5.2%), the increase in the number of trucks sold (+9.4%) served to offset some of the previous year's decline. Nationally, new motor vehicle sales advanced 6.7%, mainly due to increased sales in Alberta (+9.5%) and Ontario (+8.1%).

Data Source: Statistics Canada

The Nation

- **Canada's composite leading index rose 0.3% in January, a slight dip from the 0.4% increase registered in December.** Stock prices advanced an average of 2.6% with energy stock prices responsible for much of this month's increase. The country's housing index posted its third straight gain (+1.3%) as sales of existing homes outstripped the number of housing starts. *Data Source: Statistics Canada*

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February 18, 2011

For data originating from Statistics Canada, data sourced to 'Statistics Canada' has been retrieved from CANSIM, the agency's electronic database; otherwise the source is identified as 'SC' plus the catalogue number.

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Originally published in *Exports*, December 2010

The Impact of E-Commerce on BC's Trade

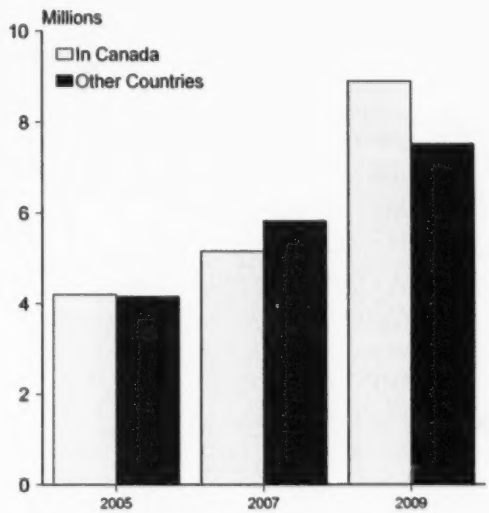
The use of the Internet has become almost ubiquitous in the last decade. Data from Statistics Canada's *Canadian Internet Use Survey* indicate that over 85% of British Columbians used the Internet in 2009, up from 69% just four years earlier and significantly higher than the national average of 80%.

As the Internet has grown, so too has commerce over the Internet. The initial reluctance of users to trust electronic transactions over the Internet, particularly those involving credit cards, appears to have faded for the most part. In British Columbia, in 2009, 78% of Internet users shopped on the Internet. While many of those users engaged only in window shopping, 70% of Internet shoppers in BC actually made an online purchase (55% of all Internet users in the province, regardless of whether or not they were shoppers).

E-commerce has blurred international boundaries for shoppers as it is almost as easy to buy products online from retailers in other countries as it is to buy from those in Canada (there can be some minor issues related to shipping costs and taxation that may still make it easier to purchase within Canada). This relatively new form of international trade is growing as consumers discover they have more choice and can often find better prices, particularly for products that are not widely available. Retailers and manufacturers have benefited as well, with the Internet offering up a much larger marketplace for their products and also simplifying the process of finding the lowest cost producer for inputs to their products. The expanded marketplace offered by e-commerce has also allowed companies to focus on niche markets and to achieve economies of scale that would not otherwise be possible if they were only serving the domestic market.

In 2009, Internet shoppers from BC made around 16.4 million online purchases of goods and services at a value of almost $2.8 billion. Of those purchases, about 7.5 million were orders to companies in other countries. That represents almost 46% of all online transactions made by BC consumers. This is actually a significant decline from 2007, when 53% of all e-commerce transactions by BC consumers were with companies in other countries. This could be an indication that Canadian retailers have expanded their presence on the Internet.

In 2009, around 46% of orders over the Internet by BC consumers were to companies in other countries

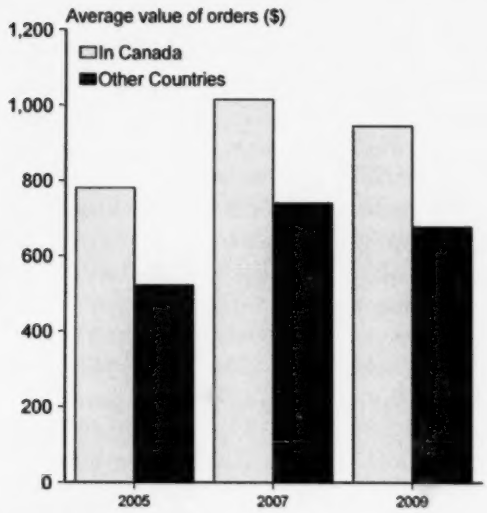


Source: Statistics Canada's *Canadian Internet Use Survey*

The average value of orders over the Internet by BC consumers to companies in other countries was significantly lower than that of online purchases with companies within Canada, such that a smaller proportion of the overall value of online sales was on orders outside Canada. In 2009, 42%

of the value of e-commerce purchases by BC residents was on orders to companies in other countries. These orders represented an import value of almost $1.2 billion.

The value of orders over the Internet from BC to companies in Canada tends to be higher than that of orders to companies in other countries



Source: Statistics Canada's *Canadian Internet Use Survey*

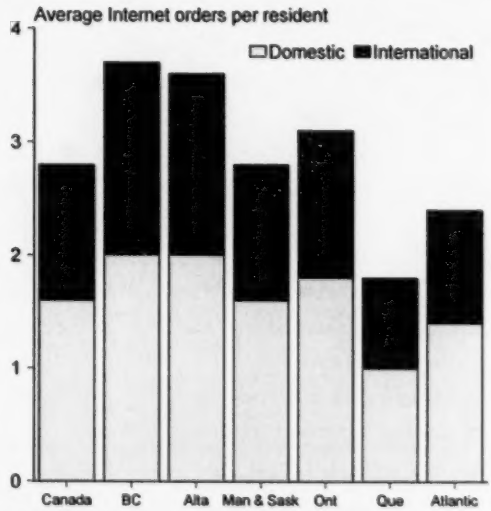
While data by type of purchase are not available for British Columbia specifically, there is information on the types of goods and services purchased online by Canadians as a whole. Of Internet shoppers that made an online purchase in 2009, almost 49% made travel arrangements, such as booking a hotel room, purchasing travel tickets or renting a car. The second most common online purchase was for entertainment products such as concert or theatre tickets. Approximately 40% of Canadian online shoppers made this type of purchase. Books, magazines and online newspapers ranked third, with just over 35% of Canadians that purchased something online buying these goods.[1]

[1] Note that these numbers do not add to 100% as online shoppers may have purchased two or more types of these goods or services.

About a third (33%) of online shoppers purchased clothing, jewellery and accessories. Perhaps surprisingly, given that the Internet seems perfectly suited to the download of these products, purchases of music (26%) and software (22%) ranked fifth and sixth respectively. It is possible that the availability of free music and software, from legal sources or otherwise, may have the effect of reducing their demand.

Compared to the rest of the country, consumers in British Columbia were more likely to order goods or services over the Internet. In 2009, BC residents made an average of 3.7 online purchases, compared to a national average of 2.8 orders per person.

In 2009, British Columbia residents tended to make more orders over the Internet compared to residents of other provinces

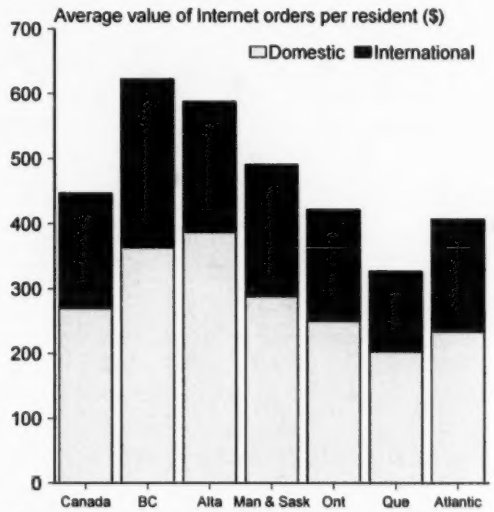


Note: Internet orders from Statistics Canada's *Canadian Internet Use Survey* divided by 2009 population figures

British Columbia residents were also marginally more likely to make online purchases of goods or services from vendors in other countries, averaging 1.7 orders per person, compared to an average of 1.2 for Canada as a whole.

Consumers in British Columbia also tended to spend more on online purchases compared to those in other provinces, particularly for goods and services provided by companies in other countries. In 2009, the average BC consumer spent $623 on purchases over the Internet, of which $260 was spent on orders to companies in other countries. This is compared to the Canadian average of only $447 per person on overall online purchases and an average of $178 on Internet orders outside of Canada.

In 2009, British Columbia residents tended to spend more on orders over the Internet compared to residents of other provinces



Note: Value of Internet orders from Statistics Canada's *Canadian Internet Use Survey* divided by 2009 population

The online purchases of goods or services by BC residents represent "e-imports" into the province. Unfortunately, there is not a wealth of data available with regard to "e-exports" of goods and services from British Columbia. However, Statistics Canada data from 2007 indicates that around 19% of private sector sales over the Internet by Canadian vendors were to customers (both businesses and households) outside of Canada. For Internet sales by the public sector, the figure was 5%. Given that total private sector Internet sales by Canadian companies amounted to over $58 billion in 2007 and public sector sales were around $4.4 billion, the total value of Canadian e-exports was approximately $11.5 billion. While this amounts to only around 2% of total Canadian goods and services exports, it is still significant and represents substantial growth from just five years earlier when the value of e-exports was approximately $3 billion.

It is likely that e-commerce will continue to grow as more companies expand their online presence and stronger security measures are developed. Given the boundary-free nature of the Internet, any expansion in e-commerce will undoubtedly lead to further growth in international e-trade. While e-commerce comprises only a small portion of British Columbia's exports and imports now, that could change in the future.

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also on the Internet at www.bcstats.gov.bc.ca or choose RSS

BC at a glance . . .

POPULATION (thousands)	Oct 1/2010	% change on one year ago
BC	4,551.9	1.5
Canada	34,238.0	1.2
GDP and INCOME (Released Nov 4)		
(BC - at market prices)	2009	% change on one year ago
Gross Domestic Product (GDP) *($ millions)*	191,006	-3.4
GDP *($ 2002 millions)*	161,851	-1.8
GDP *($ 2002 per Capita) (reflects revised pop)*	36,287	-3.5
Personal Disposable Income *($ 2002 per Capita)*	25,374	-1.9
TRADE ($ millions, seasonally adjusted)		% change on prev. month
Manufacturing Shipments - Dec 2010	3,068	0.3
Merchandise Exports - Dec 2010	2,611	7.3
Retail Sales - Nov 2010	4,950	1.3
CONSUMER PRICE INDEX	% change on	12-month avg
(all items - Jan 2011)	one year ago	% change
BC	2.3	1.5
Vancouver	2.4	1.9
Victoria	2.2	1.2
Canada	2.3	1.8
LABOUR FORCE (thousands)		% change on
(seasonally adjusted)	Jan 2011	prev. month
Jobs Created (-Lost) - BC	-9.1	
Labour Force - BC	2,452.0	0.3
Employed - BC	2,251.6	-0.4
Unemployed - BC	200.4	8.4
		Dec 2010
Unemployment Rate - BC *(percent)*	8.2	7.6
Unemployment Rate - Canada *(percent)*	7.8	7.6
INTEREST RATES (percent)	Feb 16/2011	Feb 17/2010
Prime Business Rate	3.00	2.25
Conventional Mortgages - 1 year	3.50	3.60
- 5 year	5.44	5.39
US-CANADA EXCHANGE RATE	Feb 16/2011	Feb 17/2010
(avg. noon spot rate) Cdn $ per US $	0.9855	1.0455
(closing rate) US $ per Cdn $	1.0153	0.9568
AVERAGE WEEKLY WAGE RATE		% change on
(industrial aggregate - dollars)	Jan 2011	one year ago
BC	828.54	2.2
Canada	835.31	2.6

SOURCES:

Population, Gross Domestic Product, Trade, Prices, Labour Force, Wage Rate } Statistics Canada

Interest Rates, Exchange Rates: Bank of Canada Weekly Financial Statistics

For latest Weekly Financial Statistics see www.bankofcanada.ca

BC Post-Secondary Student Outcomes - Trends in Employment

Every year, respondents to the Diploma, Associate Degree, and Certificate Student Outcomes (DACSO) Survey are asked a series of questions about their current employment. This paper looks at trends in employment characteristics between 1999 and 2009. The analysis uses data from approximately 6,100 to 8,200 employed former students from Applied programs per year and 750 to 1,600 employed former Arts and Sciences students per year. For more information on BC Student Outcomes, visit BC Student Outcomes

http://outcomes.bcstats.gov.bc.ca/Libraries/DACSO_Papers/Trends_in_Employment_pdf.pdf

BC Post-Secondary Student Outcomes – Without a Trace

The report, Without a Trace - An Examination of Former Post-Secondary Students Who Left the System Without a Credential and Did Not Return, is based on 5,036 completions of the Short Stay Early Leaver Student Outcomes Survey, conducted over the summer of 2009. Respondents from 24 B.C. public post-secondary institutions - research universities, teaching universities, colleges, and institutes - participated in the project. For more information on BC Student Outcomes, visit BC Student Outcomes

http://outcomes.bcstats.gov.bc.ca/Libraries/SSELSO/SSEL_report_Final_pdf.pdf

Sub-Provincial Population Estimates

2010 estimates of population for municipalities, regional districts and development regions are now available. Estimates for 2006 to 2009 have also been revised.

www.bcstats.gov.bc.ca/data/pop/pop/mun/CurrentPopulationEstimates.pdf

Released this week by BC Stats

- Exports, December 2010
- Consumer Price Index, January 2011

Next week

- Business Indicators, February 2011
- Quarterly Regional Statistics, 4th Quarter 2010

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